

TOP 10 OUTSOURCING DESTINATIONS IN INDIA

A REPORT BY  BACKOFFICE PRO

■ WHAT'S INSIDE...?

Overview	3
Bangalore	4
Mumbai	6
Delhi	8
Chennai	10
Pune	12
Hyderabad	14
Coimbatore.....	16
Kolkata	18
Chandigarh.....	20
Jaipur	22
Questions?.....	24



Welcome to the World's Favorite Back Office – India!

Outsourcing has become one of the most defined trends affecting businesses around the world. It plays a role in everything from politics to jobs to gross national profit, and it is here to stay.

WHO WE ARE

Back Office Pro, an established leader in services outsourcing, is pleased to bring out this report that lists out the most preferred outsourcing destinations in India, a country that still remains the world's favorite back office. For much of the last decade, Back Office Pro has offered exceptional levels of quality to each of our customers in countries around the globe including in the United States, Canada, Australia, and throughout Europe.

INDIA'S CURRENT PERFORMANCE

NASSCOM, the ambassadorial organization of the Indian IT and ITES (information technology enabled services) industry, has recently reported that it expects the IT-BPM industry to add revenues of US \$ 20 billion in FY2016 to the existing industry revenues of US \$ 146 billion in FT2015. It will be an interesting space to watch in the future as outsourcing trends emerge in the changed geopolitical and economic equations between the developed and developing nations.

WHO WILL BENEFIT FROM THIS REPORT

The aim of publishing this report is to provide an authentic account of the top outsourcing destinations across the length and breadth of India as of 2015. This report has been published based on our extensive research, real-time inputs, and our own experience of being a trusted leader in outsourcing services for 10+ years. We have included helpful sections keeping in mind a range of stakeholders, including the top decision makers in small, medium, or large businesses, investors, operational managers, fellow players in the industry, and the educational community.

We hope that you will find this report handy and informative. Please do not hesitate to contact us should you have any questions or feedback.

#1 BANGALORE



■ CITY PROFILE — BANGALORE

Cultural Overview

Also known as Bengaluru, Bangalore is a high-tech hub that is sociable and brimming with entrepreneurs, scientists and serious geeks. On the flip side, the region is also known for corruption and bribery as a staple of doing business there. On balance, Bangalore is an ideal outsourcing destination for many business activities.

Environmental Issues

Bangalore has a pleasant and moderate climate throughout the year, due in part to being located 900 m (3,000 ft) above sea level. Nevertheless, Bangalore does have a high crime rate.

Infrastructure

- **Global/National Ranking:** With a population close to 11 million, Bangalore has the highest overall quality of living rank among Indian cities. International schools have a favorable rating.
- **Roads, Rail and Airport:** Roads were not designed for current traffic levels and suffer from regular congestion. A rapid transit system is under construction. The local airport is 40 km (25 miles) from the city center.
- **Internet Connectivity:** The railway station in Bangalore was the first in India to have a Wi-Fi facility.
- **Technology:** Cisco is building a state-of-the-art “smart city environment” hub.

■ HUMAN CAPITAL

Graduates

About 100,000 graduates pass out of various academic streams including Engineering, Arts, Commerce, Business, and Economics.

Educational Institutions

Bangalore has over 100 research and development institutions. Prominent examples include the Indian Institute of Science (IISc), Indian Institute of Management (IIM), 45 engineering colleges, and the National Law School of India.

■ BUSINESS FEASIBILITY

Best Aspects

Bangalore has a rich history as a tech capital and has received massive investments to enhance support services.

Costs and Schedules

Working with experienced local experts is advisable. For example, arranging connection of utilities can often take several weeks.

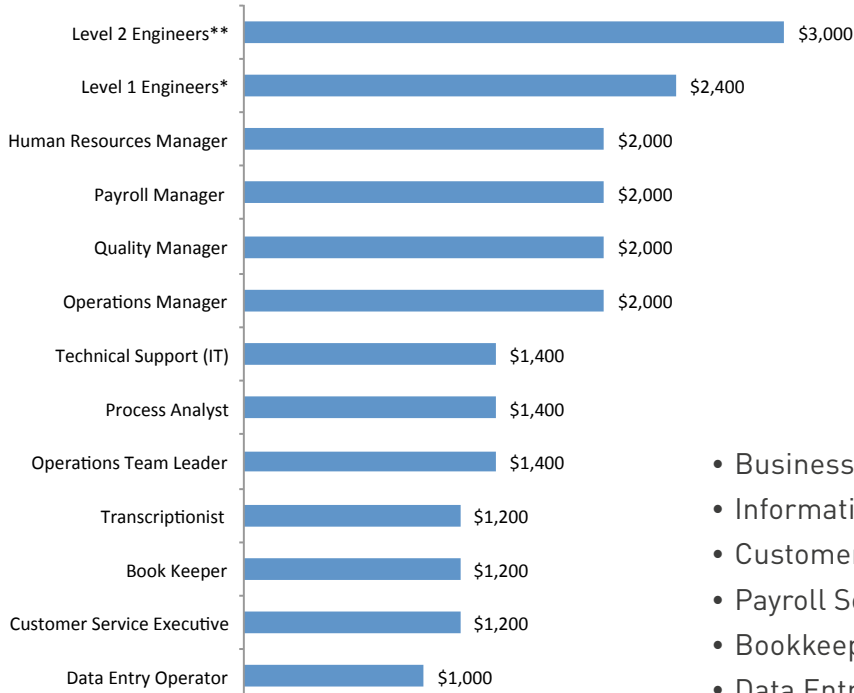
Starting Offshore Operations

Building a new business anywhere takes time and hard work. For example, job competition can be intense in Bangalore.

Ease of Financial Transactions

Businesses must allow ample time for procedures such as obtaining director identification numbers, digital signature certificates and certificates of incorporation prior to setting up financial transactions. Bangalore is striving to become an international financial center and already has several prominent financial companies.

Bangalore Average FTE Cost



- Business Process Outsourcing (BPO)
- Information Technology Services
- Customer Service Support
- Payroll Services
- Bookkeeping
- Data Entry Services
- Engineering Services
- Human Resource Services
- Transcription Services

The presence of prominent global companies such as Samsung, Microsoft, Hewlett-Packard and IBM is an important positive influence on overall outsourcing potential in Bangalore because these international business icons act as a “magnet” for highly qualified employees involving multiple specialized skills.

Risks and Potential Business Downsides for Outsourcing

Ecosystem Limitations

Bangalore has a bustling ecosystem that can be chaotic at times.

Cyber Insecurity

IT security in Bangalore has improved substantially but must still be monitored.

Overall Risk-Reward Potential for Outsourcing

Bangalore offers an abundance of cost-effective business outsourcing opportunities that far outweighs the few risks. Additionally, potential risks can be adequately controlled and managed when working with experienced outsourcing providers in Bangalore.

ECONOMIC STABILITY

The Economy

Forbes ranked Bangalore as one of “The Next Decade’s Fastest-Growing Cities.” The overall economy is strong and balanced with a diverse collection of industries. According to a United Nations report, Bangalore is ranked fourth (behind Austin and San Francisco in the United States and Taipei in Taiwan) among “Technology Hubs of the World.”

LEGAL ISSUES

Tax Benefits

Financial incentives include corporate income tax exemption up to 100 percent, allowances for up to 100 percent foreign equity, tax holidays, exemption from certain taxes and ease of custom bonding and export certification from one point. To a lesser extent, there may also be tax incentives for infrastructure investments.

Other Noteworthy Issues

The need to bribe local officials to expedite routine procedures can be a periodic business concern. However, corruption and the local crime rate do not appear to significantly influence the outsourcing business.

OUTSOURCING

What Services Can Be Outsourced?

Key candidates for outsourcing to Bangalore include:

#2 MUMBAI



■ CITY PROFILE — MUMBAI

Cultural Overview

Also known as Bombay, Mumbai enjoys a position of international prominence in business, finance and entertainment. Mumbai's Bollywood now produces more movies than Hollywood. As the wealthiest and most populous city in India, Mumbai is faced with multiple challenges involving growth, purchasing power, wages and inflation. Nevertheless, Mumbai continues to be a leader as a global outsourcing provider and ranked third on the Tholons Top 100 Outsourcing Destinations Rankings in 2014.

Environmental Issues

Mumbai has a tropical wet and dry climate with seven months of dryness and a monsoon season usually lasting about four months. Due to its coastal location, Mumbai has potential for flooding, storms, drought and tsunami risk.

Infrastructure

- **Global/National Ranking:** According to Mercer's infrastructure survey, Mumbai is ranked 1st in India. However, Mumbai ranks behind Bangalore and Delhi based upon quality of life.
- **Roads, Rail and Airport:** Mumbai had India's 1st expressway and recently added a new one. Another major highway project is underway. The Mumbai Suburban Railway is usually overcrowded during peak travel times. Mumbai's airport is usually the busiest in India. A new airport is in early development and it has one of the best natural deep-water harbors in the world.
- **Internet Connectivity:** The area has several Internet Service Providers and 4 million telephone lines. Availability of reliable internet services is aided by one of India's most reliable power supplies.

- **Technology:** Mumbai was named an alpha world city in 2009 and ranks 1st in the world in the percent of total energy from renewable sources. 5 of the Fortune Global 500 companies are based in Mumbai.

■ HUMAN CAPITAL

Graduates

About 100,000 graduates pass out of various academic streams including Engineering, Arts, Commerce, Business, and Economics.

Educational Institutions

Bangalore has over 100 research and development institutions. Prominent examples include the Indian Institute of Science (IISc), Indian Institute of Management (IIM), 45 engineering colleges, and the National Law School of India.

■ BUSINESS FEASIBILITY

Best Aspects

Mumbai is ranked among the world's 26 best cities for business, life and innovation. Mumbai is India's financial center and is a key city in one of the world's leading economies.

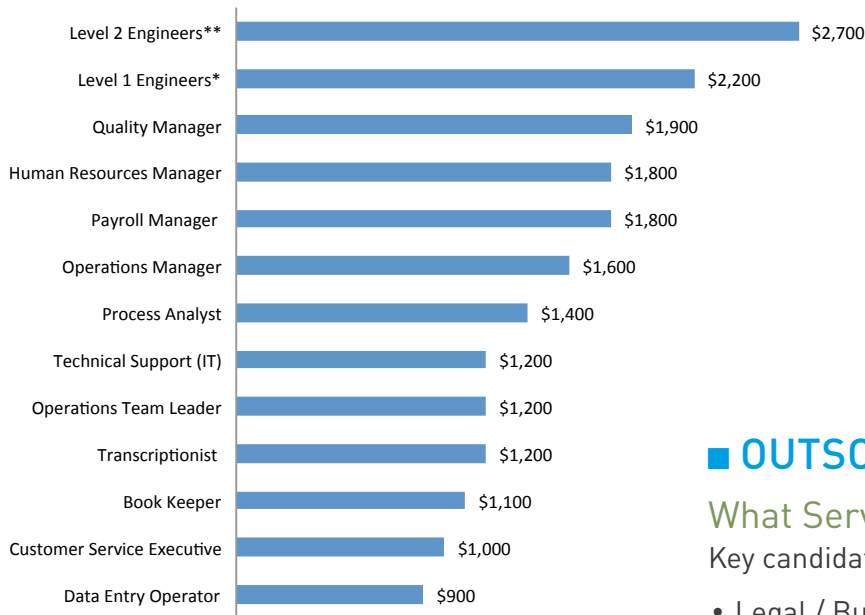
Costs and Schedules

Massive paperwork and lengthy processing times are both business challenges that should be anticipated. Since Christian, Muslim and Hindu faiths are all prominent in Mumbai, normal schedules are often interrupted by religious observances.

Starting Offshore Operations

Mumbai's economy usually requires an informal approach, and this unofficial requirement is often missed by new business ventures. The best advice is to use local talent that "knows the ropes."

Mumbai Average FTE Cost



Ease of Financial Transactions

Mumbai is ranked among the top 10 commerce centers worldwide and regularly displays a leading volume of financial flow. The city is in the process of evolving to an International Financial Center status.

■ ECONOMIC STABILITY

The Economy

Mumbai is considered to be the commercial, fashion and entertainment hub of India, currently accounting for 6 percent of India's total economy. Mumbai's economy contributes 40 percent of India's foreign trade and 60 percent of customs duty collections. Leading financial institutions such as the Reserve Bank of India, the Bombay Stock Exchange, the Mint and the National Stock Exchange are headquartered in Mumbai.

■ LEGAL ISSUES

Tax Benefits

Tax incentives are not widely available for businesses in Mumbai, although efforts are underway to improve this situation. The overall tax system is confusing and complicated by a high rate of service taxation.

Other Noteworthy Issues

Mumbai raised many property taxes by significant amounts. This resulted in office rent increases exceeding 500 percent in some cases. However, some properties involving banks, finance companies and multinational corporations have received exemptions.

■ OUTSOURCING

What Services Can Be Outsourced?

Key candidates for outsourcing to Mumbai include:

- Legal / Business Process Outsourcing
- IT Services
- Call Center Support
- Payroll Services
- Administrative Services
- Data Entry Services
- Engineering Services
- Human Resource Services

The presence of prominent national and global companies in Mumbai supplements outsourcing potential in Mumbai because employees with diverse skill sets are attracted to such "employment hubs."

Risks and Potential Business Downsides for Outsourcing

Cost of Living

It can be difficult for some outsourcing providers to maintain employee loyalty over the long-term due to Mumbai's high costs of living that frequently exceed salaries.

Doing Business in Mumbai

With high inflation and low wages, it can be a challenge to do business in Mumbai.

Overall Risk-Reward Potential for Outsourcing

Regardless of any potential outsourcing downsides, Mumbai consistently ranks among the world's leading outsourcing destinations. Expert local help from experienced outsourcing vendors is a key to success.

#3 DELHI



■ CITY PROFILE —DELHI

Cultural Overview

Delhi is also known as the National Capital Territory (NCT) of Delhi. The area is modern, progressive and represents the 4th most populous city in the world when the surrounding population of Delhi NCR (National Capital Region) is included. The capital of the NCT of Delhi is New Delhi. Outsourcing potential in Delhi includes HR/payroll services and business process outsourcing.

Environmental Issues

Delhi has an atypical version of a humid subtropical climate. Peak temperatures can exceed 100 degrees Fahrenheit (40 degrees Celsius). Monsoons are prevalent in July and August. The area has periodic floods and also has some earthquake exposure.

Infrastructure

- Global/National Ranking: Within India, Delhi's infrastructure ranks behind Mumbai and ahead of Chennai and Bangalore.
- Roads, Rail and Airport: Delhi has the highest road density in India and has a modern metro rail and bus system. Indira Gandhi International Airport is a major gateway for both international and domestic air travel.
- Internet Connectivity: State-of-the-art internet service is widely available, especially in Gurgaon. Cellular coverage includes 4G, 3G, CDMA and GSM.
- Technology: Many national and international high-tech companies have operations in Delhi. Several successful online firms have incubated in Delhi.

■ HUMAN CAPITAL

Graduates

At least one in five residents of Delhi is a college graduate. Over 20 colleges in Delhi hold top ranks.

Educational Institutions

Delhi has an abundance of good schools and colleges that include four central universities, 5 state universities and 11 additional collegiate institutions. There is also an international university created by the 8 member nations within the South Asian Association for Regional Cooperation (SAARC). Top names include IIT, IGNOU, Delhi Technological University and the National Law University.

■ BUSINESS FEASIBILITY

Best Aspects

The area is rapidly challenging Delhi as a start-up destination and is a major hub for manufacturing, warehousing and retailing. The area is also a preferred tourist destination.

Costs and Schedules

While periodic scheduling delays should be anticipated, the expenses of doing business are cost-effective, especially in comparison to more expensive outsourcing destinations such as Mumbai.

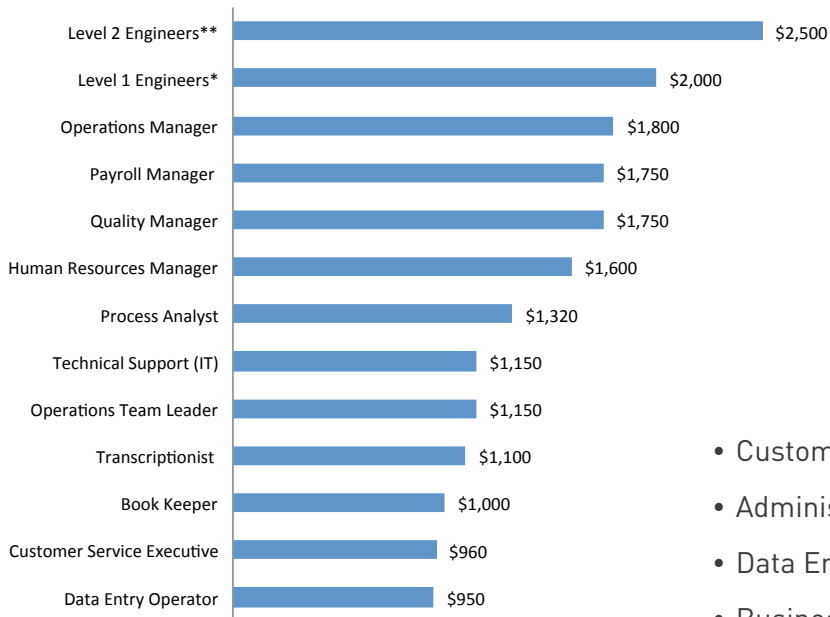
Starting Offshore Operations

Delhi has emerged as a world leader in start-up activity, ranking just slightly behind Bangalore.

Ease of Financial Transactions

The ease of doing business in Delhi includes financial transaction activity. This is due in large part to Delhi functioning much like a state government as

Delhi Average FTE Cost



- Customer Service Support
- Administrative Services
- Data Entry Services
- Business Process Outsourcing (BPO)

well as the presence of key financial firms. New and improved safe harbor rules have been proposed to increase foreign investment.

■ ECONOMIC STABILITY

The Economy

Delhi is the primary commercial center in northern India. The recent annual rate of economic growth has approached 10%. Recent growth has also included several new industries such as business process outsourcing and information technology.

■ LEGAL ISSUES

Tax Benefits

There are 9 special economic zones (SEZs) located in the Delhi NCR.

Other Noteworthy Issues

Companies operating in SEZs are expected to achieve positive levels for net foreign exchange within 5 years. Failure to do so can result in legal action.

■ OUTSOURCING

What Services Can Be Outsourced?

The most prominent candidates for outsourcing to Delhi include:

- Payroll Services
- Human Resource Services
- Legal Process Outsourcing
- Information Technology Services

The presence of prominent global companies such as Adobe Systems, ATC Labs and Fiserv is an important positive factor for outsourcing potential in Delhi.

Risks and Potential Business Downsides for Outsourcing

Earthquake Potential

A 2003 earthquake provided visibility for a new and somewhat unexpected seismic risk. Special measures to build earthquake-resistant facilities have been minimal to date.

Multiple Layers of Governance

To better manage a sprawling urban area, several governmental jurisdictions have been created. Using an experienced outsourcing provider is the best way to avoid unexpected problems due to conflicting government regulations.

Overall Risk-Reward Potential for Outsourcing

Gurgaon is the most modern part of the Delhi NCR and is viewed as one India's largest hubs for outsourcing and offshoring. Overall Delhi is a leader as a global outsourcing provider and ranked 3rd.



■ CITY PROFILE — CHENNAI

Cultural Overview

Formerly known as Madras, Chennai is the capital city of Tamil Nadu. Jointly known as the “Detroit of India,” India’s health capital and the banking capital of India, Chennai has the third-largest concentration of expatriates in India after Mumbai and Delhi. Chennai is rated as a beta-level city behind Mumbai, New Delhi and Bangalore and is ranked 4th.

Environmental Issues

Chennai has a tropical wet and dry climate and the city is located on the thermal equator. A coastal location provides exposure to floods. The 2004 Indian Ocean Tsunami caused significant damage to the port’s infrastructure. Based on a measure that includes living conditions, crime, and the political-social environment. Chennai ranked behind Bangalore, New Delhi and Mumbai in overall quality of life.

Infrastructure

- **Global/National Ranking:** Among 21 cities in India, Chennai ranks second to Bangalore as “best cities for business.” Based strictly on infrastructure, Chennai ranks behind Mumbai and Delhi and just ahead of Bangalore.
- **Roads, Rail and Airport:** Chennai has a sophisticated road and rail system, a busy port, an international airport with more than 300 daily flights and a large, modern bus facility. A new airport, subway, elevated train and monorail are in planning stages.
- **Internet Connectivity:** Chennai is one of four Indian cities with underwater fiber-optic cables connecting the city to the rest of the world. There

are 11 GSM or CDMA mobile phone networks and four additional providers for broadband service. Chennai was the first city in India to have widespread Wi-Fi coverage.

- **Technology:** Including Ericsson, Alcatel and Defiance Technologies — have located research and development centers in Chennai. Several software companies such as Polaris Software Lab and IBM are also present.

■ HUMAN CAPITAL

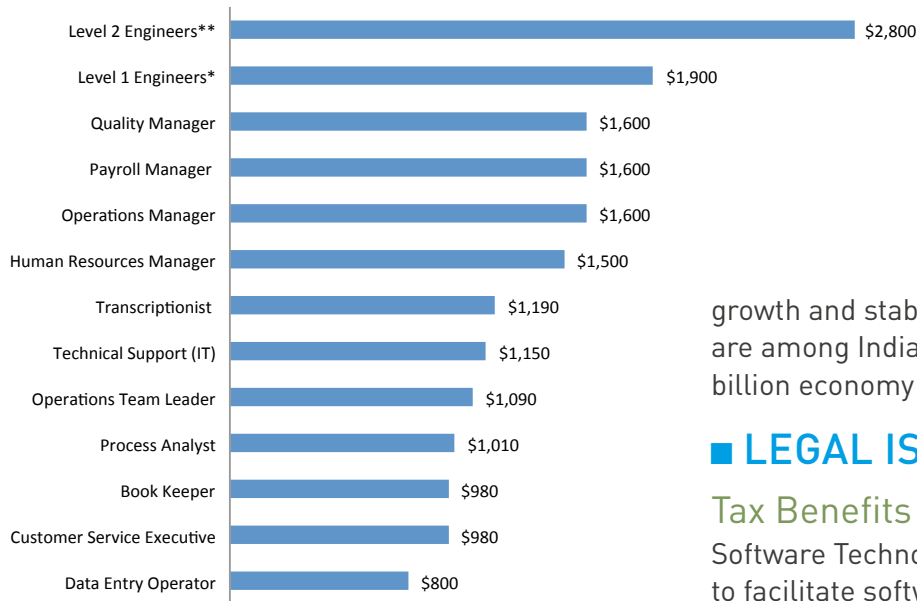
Graduates

The second largest exporter of IT and BPO services in India, Chennai produces more than 80,000 engineering graduates every year. Engineering colleges are affiliated with Anna University and colleges for science, arts and commerce are typically affiliated with the University of Madras, and that of medicine with Tamilnadu Dr. M.G.R. Medical University.

Educational Institutions

Some schools in Chennai are ranked among India’s best. The College of Engineering, Guindy is the only state-owned educational institution in the top 10 engineering schools. Chennai is also home to the prestigious IIT Madras and other top-ranked deemed universities including VIT, Sathyabama and SRM, and business schools including LIBA and Great Lakes Institute of Management. The area surrounding Chennai is home to 21 state government universities and 14 central government universities.

Chennai Average FTE Cost



■ BUSINESS FEASIBILITY

Best Aspects

Chennai ranks highly as both an outsourcing and tourist destination: A tourism publication recently named Chennai as one of 10 international places to visit in 2015. Chennai attracts 45 percent of all “health tourists” in India. To realize the goal of a “slum-free city,” Chennai launched a large-scale investment program to improve housing.

Costs and Schedules

In a ranking of “most competitive cities,” Chennai moved up to second: behind Delhi and ahead of Bangalore and Mumbai. Overall costs of doing business in Chennai are slightly lower when compared to Bangalore and Mumbai.

Starting Offshore Operations

It currently takes an estimated 34 days to start a new business in Chennai. Government policies are industry-friendly.

Ease of Financial Transactions

India’s 3 largest national banks have headquarters in Chennai. Multiple insurance companies and international banking institutions also have Chennai facilities.

■ ECONOMIC STABILITY

The Economy

Chennai has a diversified economic base. The city is a leading automotive and auto components hub and produces 60% of India’s auto exports. There is also a major concentration of world-class healthcare and banking facilities that contribute to both economic

growth and stability in the region. Chennai’s ports are among India’s busiest container centers. A \$100 billion economy is projected by 2025.

■ LEGAL ISSUES

Tax Benefits

Software Technology Park locations were created to facilitate software development for export. These facilities are not limited to Chennai.

■ OUTSOURCING

What Services Can Be Outsourced?

Primary outsourcing potential in Chennai exists with:

- IT / Admin / HR / Engineering Services
- Call Center Support
- Data Entry Services
- Payroll and Accounting Services
- Business Process Outsourcing
- Legal Process Outsourcing

The presence of leading global conglomerates such as Hyundai, Caterpillar, BMW, Pfizer, Nissan, Dow and Ford is a major factor for outsourcing potential in Chennai.

Risks and Potential Business Downsides for Outsourcing

Customs House Bribery and Corruption

At a minimum, negative news surrounding customs house transactions can have an adverse public relations impact. This area deserves ongoing monitoring.

Infrastructure Improvements Still Needed

Several ambitious infrastructure projects are in various stages of planning and development. The open question is how quickly progress will continue.

Overall Risk-Reward Potential for Outsourcing

Chennai is India’s 2nd largest exporter of IT and business process outsourcing. Overall Chennai is a cost-effective outsourcing destination and is currently ranked among the top 5 international locations for outsourcing.

#5 PUNE



■ CITY PROFILE — PUNE

Cultural Overview

Pune was previously known as Punyanagari and is located in the same state as Mumbai. It began as an agricultural settlement and still has significant activity involving agriculture, floriculture and horticulture. In addition to a large Muslim population, the area also has prominent Christian and Jewish communities. Pune has the smallest gap between the rich and poor of all Indian cities.

Environmental Issues

Pune is located 1,837 feet (560 meters) above sea level and has a hot semi-arid climate that borders a tropical wet and dry climate. The result is three seasons: summer (March to May), monsoon (June to October) and winter (November through February). Due to the city's elevation, nights are usually cool even during the warmest months. Due to weather, mudslides and landslides can occur.

Infrastructure

- **Global/National Ranking:** Pune is one of the most advanced cities in Maharashtra. Global rankings are likely to improve when major new infrastructure projects are completed.
- **Roads, Rail and Airport:** The city is aggressively improving roadways. The high-speed highway between Pune and Mumbai was built in 2002 and was India's first six-lane expressway. The local airport shares its runways with an Indian Air Force Base, and a new airport is in early development. The bus rapid transit system was the first of its kind in India.
- **Internet Connectivity:** The growing number of information technology companies along with

extensive educational institutions is keeping communication services at a high level.

- **Technology:** IT companies and services are gaining increased prominence. For example, the Hinjawadi IT Park is a new information technology development.

■ HUMAN CAPITAL

Graduates

Pune, a "student-friendly" city, was called the "Oxford of the East," a phrase coined by India's first Prime Minister Jawaharlal Nehru. Pune produces over 12,000 engineering graduates every year. Pune also attracts nearly 3,000 overseas students every year, apart from a large number of students who come from Bihar, Orissa, West Bengal, the northeastern states and elsewhere in India.

Educational Institutions

Out of the 360 engineering colleges in the state affiliated to 12 universities, 116 of them are affiliated with the University of Pune. Besides, there are several deemed universities such as the Symbiosis International University, Deccan College and Bharati Vidyapeeth.

■ BUSINESS FEASIBILITY

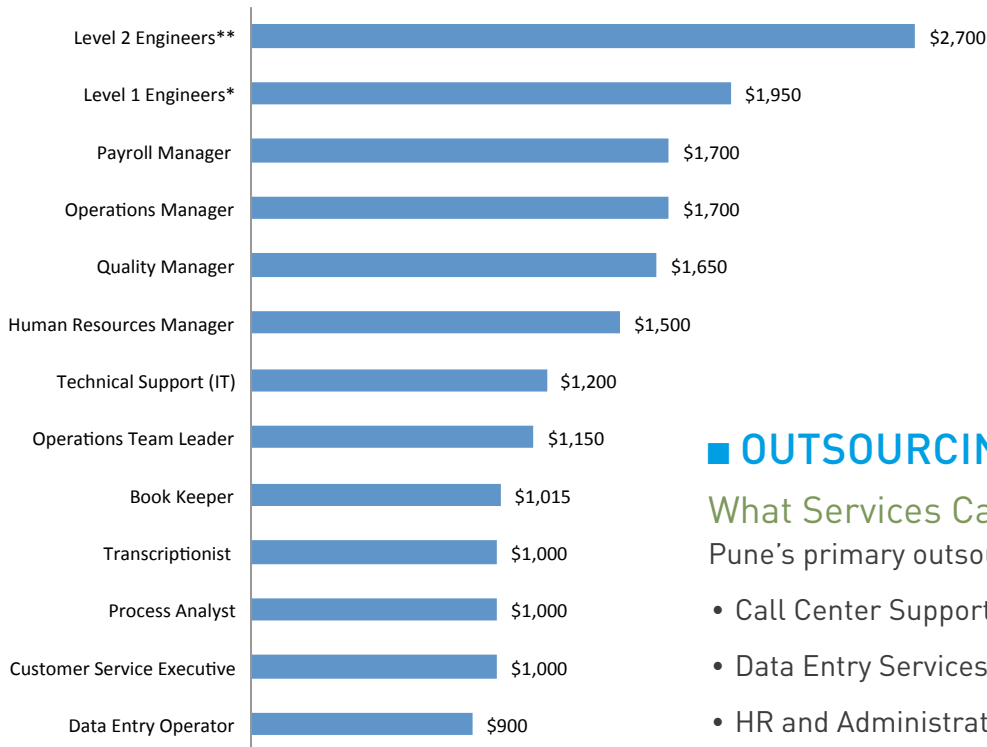
Best Aspects

Location in the educational capital of India provides multiple benefits for businesses. The city has a rich history and is considered to be the cultural center of Maharashtra.

Costs and Schedules

Using local experts is advisable whenever possible in order to keep expenses and delays reasonable.

Pune Average FTE Cost



■ OUTSOURCING

What Services Can Be Outsourced?

Pune's primary outsourcing potential includes:

- Call Center Support
- Data Entry Services
- HR and Administrative Services
- Payroll and Accounting Services
- Legal Process Outsourcing
- Engineering Services
- Information Technology Services

The presence of leading global conglomerates such as Volkswagen, IBM, General Motors, Microsoft and Fiat is a positive element for outsourcing potential in Pune.

Risks and Potential Business Downsides for Outsourcing

Competition with Other nearby Cities

The proximity to Mumbai can serve as both a hindrance as well as a business advantage depending on specific circumstances.

Overall Risk-Reward Potential for Outsourcing

Pune is a cost-effective outsourcing destination and is currently ranked among the top 10 international locations for outsourcing.

Starting Offshore Operations

More than 1,700 companies set up base operations in Pune during a recent two-year period.

Ease of Financial Transactions

The diverse industries in Pune feature a growing role for information technology that has improved financial activity flow.

■ ECONOMIC STABILITY

The Economy

Pune has depended on traditional industries such as the glass, forging and sugar industries for economic growth. The area now benefits from the presence of auto and IT industries in addition to agri-business for economic activity.

■ LEGAL ISSUES

Tax Benefits

The Quadron is an example of an IT-ITES Special Economic Zone in Pune. Benefits include generous income tax exemptions, commercial borrowing potential and single window clearance for government approvals.

Other Noteworthy Issues

When starting a business, political influence and patronage is advisable in addition to complying with legal requirements.



#6 HYDERABAD

■ CITY PROFILE — HYDERABAD

Cultural Overview

Hyderabad currently serves as the capital of two Indian states: Andhra Pradesh and Telangana. Its twin city is Secunderabad. Due to the concentration of biotechnology and pharmaceutical companies starting in the 1990s, the area obtained the nickname of “Genome Valley.” Hyderabad is a melting pot of religious and social backgrounds and is also known as the City of Pearls and Cyber City (Cyberabad). In the Top 10 Outsourcing Destinations, Hyderabad ranks sixth.

Environmental Issues

Hyderabad is situated on hilly terrain at an elevation of 1,778 feet (542 meters). The area has a tropical wet and dry climate that borders on a hot semi-arid climate. Summers (March to June) are hot and humid and the monsoon season impacts conditions between June and September. Natural disaster potential includes cyclones, floods, droughts and earthquakes. In terms of security, Hyderabad is considered one of the safest cities in the world.

Infrastructure

- **Global/National Ranking:** Hyderabad was identified by Ethisphere as being one of 20 international cities exhibiting a sustainable future. The city is considered to be one of the most advanced in India and has the best overall infrastructure.
- **Roads, Rail and Airport:** In addition to a light rail system, the expansive bus system serves commuters with a fleet of 19,000 buses. A new airport opened in 2008 and has the longest runway in India.

- **Internet Connectivity:** The city is home to more than 1300 IT firms and maintains state-of-the-art connections.
- **Technology:** The entire area reflects technological and scientific activity. Several biotechnology parks such as Fab City and Nano Technology Park have encouraged high-tech companies to cluster together. Hyderabad is ranked as the leading IT/ITES destination in India.

■ HUMAN CAPITAL

Graduates

Hyderabad ranks 4th place among the top 5 cities in the world sending students to the US. Most of them are engineers. One key reason for such huge numbers was that undivided state of Andhra Pradesh had 718 engineering colleges. The city churns out 35,000 graduates every year.

Educational Institutions

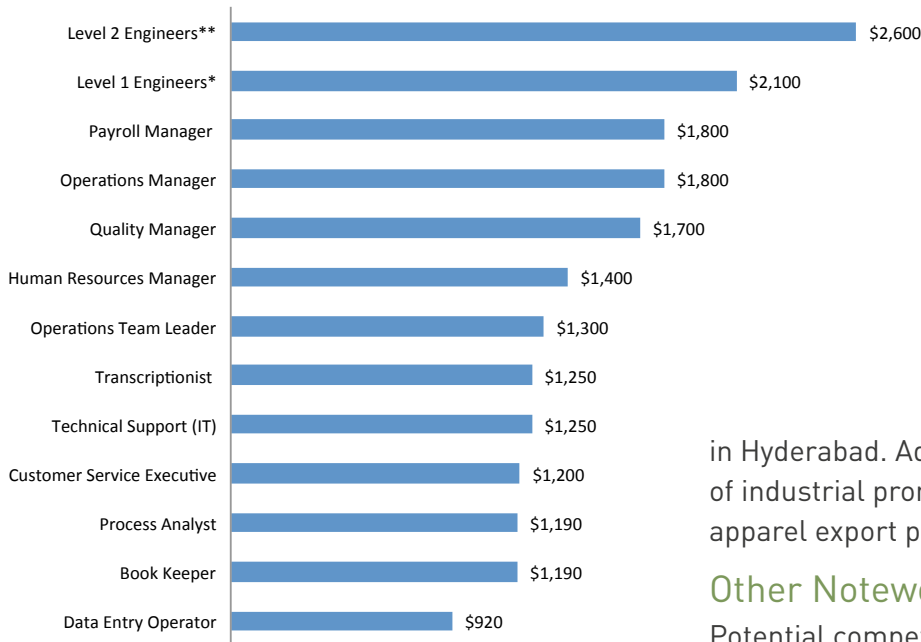
Much of Hyderabad’s economic growth has been driven by knowledge and education. There are 13 universities in and around Hyderabad including 2 private universities, 2 deemed universities, 6 state and 3 central universities. Besides engineering, top courses include medicine, aviation and biological research. Best known institutes include the Indian School of Business, IIT, IIIT and Osmania University.

■ BUSINESS FEASIBILITY

Best Aspects

The city is not resting on its laurels and currently has additional major infrastructure projects in the pipeline. In addition to business potential, Hyderabad enjoys an international reputation as a

Hyderabad Average FTE Cost



tourist destination as well. National Geographic's Traveler Magazine listed Hyderabad as 2nd (to only San Francisco's Presidio) on a list of 20 places to see in 2015.

Costs and Schedules

Businesses can keep expenses and time delays to a minimum due to the ease of doing business in Hyderabad.

Starting Offshore Operations

Hyderabad has a well-deserved reputation for having the most business-friendly regulations in India.

Ease of Financial Transactions

The high-tech influences in Hyderabad combined with commercial regulations create a favorable climate for the speed of financial activity.

■ ECONOMIC STABILITY

The Economy

The area is filled with growth in several industries. The Telugu film industry is especially prosperous. Hyderabad's prominence as an IT hub accounts for much of its economic momentum. For example, Microsoft operates its largest research and development campus outside of the U.S. in Hyderabad.

■ LEGAL ISSUES

Tax Benefits

Special economic zones dedicated to information technology have led to a concentration of IT activities

in Hyderabad. Additionally, the city has a collection of industrial promotion parks, techno-townships and apparel export parks to support multiple industries.

Other Noteworthy Issues

Potential competition between Telangana and Andhra Pradesh as Hyderabad ceases to be the capital of both states might create new tax benefits for businesses.

■ OUTSOURCING

What Services Can Be Outsourced?

The primary services outsourced to providers in Hyderabad are:

- Engineering / IT / Admin / HR Services
- Customer Service Support
- Accounting and Payroll Services
- Business / Legal Process Outsourcing

Local operations involving global companies such as Amazon, Microsoft and Facebook is a positive factor for overall outsourcing potential in Hyderabad.

Risks and Potential Business Downsides for Outsourcing

Shifting Role as a Government Capital

After an initial 10-year period, Hyderabad will be the capital of only Telangana. There appears to be some ongoing exodus of businesses to Andhra Pradesh, a relatively new state.

Overall Risk-Reward Potential for Outsourcing

The climate for business outsourcing is extremely favorable in Hyderabad. The World Bank Group ranked the city as the 2nd best (behind Ludhiana) in India for doing business.

#7 COIMBATORE



■ CITY PROFILE — COIMBATORE

Cultural Overview

Coimbatore is also known as Kovai and is located in Tamil Nadu (also home to Chennai). The city is heavily industrialized and is often referred to as the Manchester of South India. The city has a reputation for fostering entrepreneurship, and many companies are owned by local entrepreneurs. Coimbatore is both diverse and cosmopolitan and is one of the fastest-growing tier two cities in India. It ranks 7th in Top 10 outsourcing destinations.

Environmental Issues

Coimbatore is located on the Noyyal River and has a tropical wet and dry climate. Due to cool breezes through the Palghat gap and proximity to forested mountain ranges, Coimbatore's temperatures are generally considered more pleasant than most other South Indian cities. Ongoing environmental issues within Coimbatore include degradation of water bodies, lack of proper waste management and air pollution.

Infrastructure

- Global/National Ranking: Infrastructure in Tamil Nadu is ranked as "one of the best" in several surveys. While Coimbatore lags behind infrastructure rankings for the state, several projects are underway.
- Roads, Rail and Airport: Coimbatore has an airport, air force base, three national highways and a bypass highway that reduced truck traffic inside the city.
- Internet Connectivity: Communication is state-of-the-art. This includes e-governance and IT applications in local government.

- Technology: Several IT parks have contributed to more technology companies coming to Coimbatore. Tamil Nadu is working to make the state a global ITES (information technology enabled services) capital.

■ HUMAN CAPITAL

Graduates

Over 30,000 graduates pass out of various engineering disciplines every year from Coimbatore and over 12,000 students from other disciplines. The students are groomed with an entrepreneurial mindset and the industrial consciousness that is part of the city's culture.

Educational Institutions

Coimbatore has diverse educational institutions including leading engineering colleges such as the PSG Institute of Technology, CIT and GCT, and top deemed universities including Karunya, Amrita, and Avinashilingam universities. Besides the Bharathiar and Tamilnadu Agricultural University, the city has 25 engineering colleges, 70+ Arts and Science colleges, 15 Polytechnics and 3 Medical colleges.

■ BUSINESS FEASIBILITY

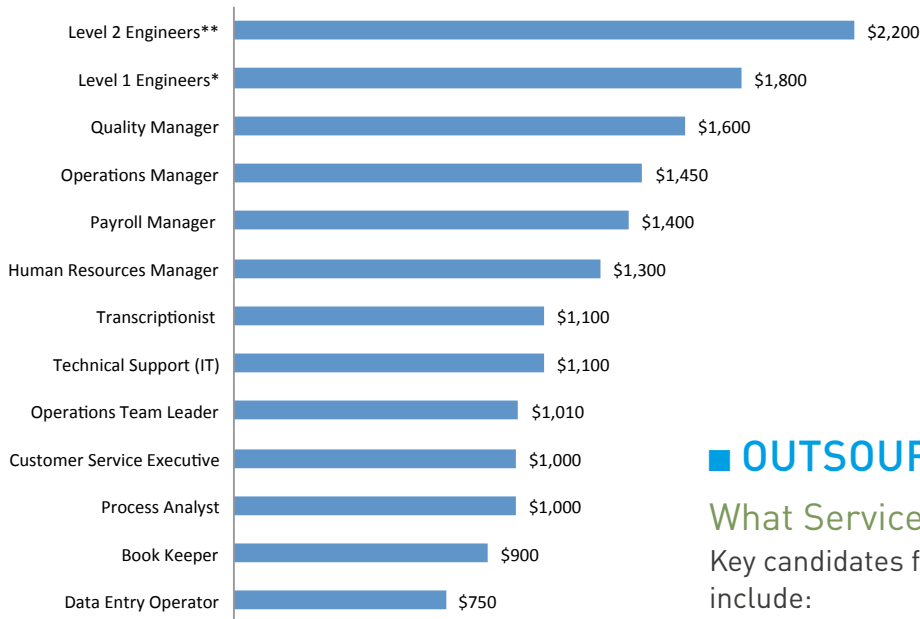
Best Aspects

Coimbatore's scenic beauty and pleasant climate have made it a popular destination for traditional tourists as well as medical tourists that come for the cost-effective health care.

Costs and Schedules

Coimbatore and Tamil Nadu have a goal of reducing the time to start a business from six weeks to two days, but this is currently an ambitious goal rather than reality.

Coimbatore Average FTE Cost



Starting Offshore Operations

Coimbatore is ranked as the 7th best business destination in India (Bangalore is 1st and Chennai is 2nd).

Ease of Financial Transactions

In addition to a competitive speed and level of financial flows, Coimbatore also offers online payment gateways for business licenses and taxes.

■ ECONOMIC STABILITY

The Economy

Coimbatore depends heavily on the textile industry and is home to the Central Textile Research Institute. The city also has many engineering companies and is referred to as the pump city of India due to the concentration of motor and pump companies. The IT industry is assuming an increasing role in the economy.

■ LEGAL ISSUES

Tax Benefits

In a recent survey, Tamil Nadu was identified as offering the best incentives for businesses among Indian states.

Other Noteworthy Issues

Tamil Nadu is in the process of creating Biotechnology Enterprise Zones to exploit potential from bioresources.

■ OUTSOURCING

What Services Can Be Outsourced?

Key candidates for outsourcing to Coimbatore include:

- Data Entry Services
- Legal Process Outsourcing
- Business Process Outsourcing
- Customer Service Support
- Information Technology Services
- Accounting and Payroll Services
- Human Resources Services
- Engineering Services

The presence of leading global conglomerates such as Hyundai, Caterpillar, BMW, Pfizer, Nissan, Dow and Ford is a major factor for outsourcing potential in Chennai.

Global companies located in Coimbatore (such as IBM, Ford and Dell) have produced a positive influence on overall outsourcing potential.

Risks and Potential Business Downsides for Outsourcing

Competition with Other Cities in Tamil Nadu

While infrastructure in the state continues to rank highly, Coimbatore is still behind the local average. The city often needs to compete with Chennai and other cities in Tamil Nadu for infrastructure funding.

Overall Risk-Reward Potential for Outsourcing

Business outsourcing in Coimbatore is cost-effective and includes niche specialties such as medical transcription, coding and billing for the U.S. health care industry.

#8 KOLKATA



■ CITY PROFILE — KOLKATA

Cultural Overview

Kolkata, formerly known as Calcutta, is the cultural and business center of East India. It has the oldest operating port in India (also the only major riverine port). Kolkata is a Gamma World City and is still confronting socioeconomic problems posed by growth in a developing country. Kolkata is ranked 8th on Mercer's worldwide list of least expensive cities for living (the only Indian city in the top 10). While economic output places the city 3rd (behind Mumbai and Delhi) among cities in Southeast Asia, Kolkata ranks 25th among outsourcing destinations in the 2014 survey.

Environmental Issues

Kolkata is located on the east bank of the Hooghly River and has a tropical wet and dry climate. Summers are hot and humid. Heavy rains and dusty squalls during April to June are known as nor'westers or Kalbaishakhi. Kolkata is ranked among the top 10 cities in the world most at risk to natural disasters such as storm surge, floods and earthquakes.

Infrastructure

- **Global/National Ranking:** Among Indian cities, Kolkata's infrastructure is ranked 2nd (behind Mumbai). However, Kolkata's living conditions are ranked 5th among major cities in India and 151st in the world.
- **Roads, Rail and Airport:** The city has an extensive system of railway, tram and bus routes. Kolkata is home to a naval base and the only international airport in the area. According to an Arthur D. Little study, Kolkata's public transport is the most progressive in India.

- **Internet Connectivity:** A growing presence of information technology companies has spurred communication technology and connections to competitive levels.
- **Technology:** There is a significant IT sector that is growing at an annual rate of 70%.

■ HUMAN CAPITAL

Graduates

Kolkata churns out more than 80,000 English-speaking arts, business, and science graduates including 32,000 engineering students every year.

Educational Institutions

Kolkata is home to 14 universities run by the state government, as of 2010. Top institutions include the Indian Institute of Management, Calcutta, Indian Statistical Institute and IEST.

■ BUSINESS FEASIBILITY

Best Aspects

Public transportation in Kolkata ranks ahead of numerous cities such as Toronto, New York and Melbourne in developed countries.

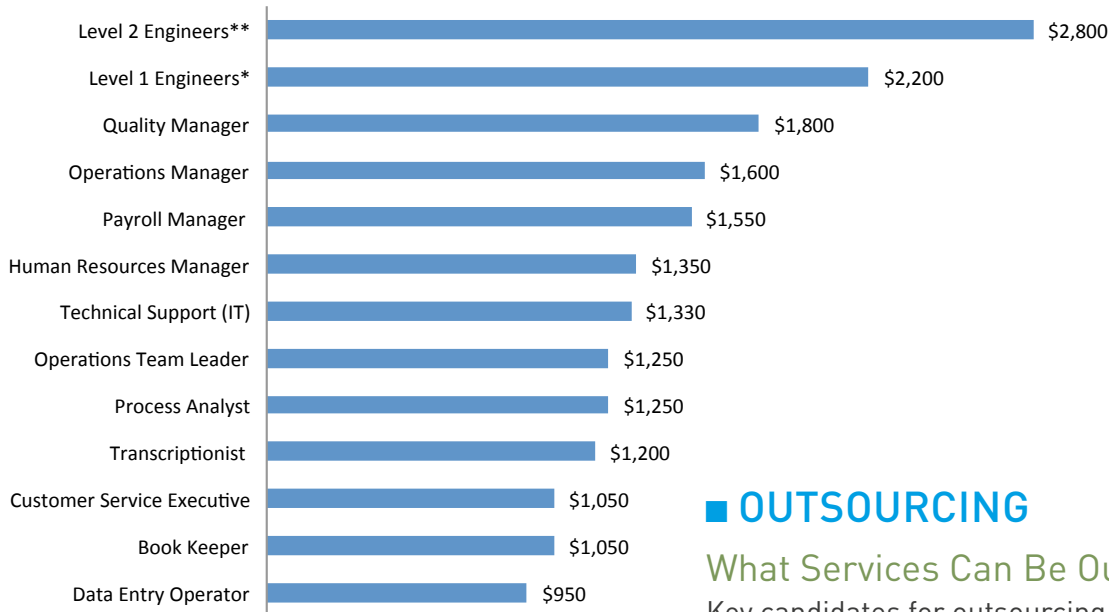
Costs and Schedules

An overall low cost of living keeps costs at reasonable levels in Kolkata. As in many other areas of India, having local expertise is advisable for keeping potential business delays at a minimum.

Starting Offshore Operations

According to the World Bank, starting a business in India is more difficult in Kolkata than other major cities. Kolkata is also ranked as the toughest for closing a business (over 10 years).

Kolkata Average FTE Cost



Ease of Financial Transactions

Kolkata is the financial center of East India and houses the Bank of India and other major banking institutions. Local and overseas financial flow is at competitive levels in Kolkata.

■ ECONOMIC STABILITY

The Economy

Kolkata is the financial and commercial hub of East India. While it was once India's leading city, Kolkata has been subject to a steady economic decline due to militant trade-unionism and steep population increases. Over 80 percent of the local workforce is employed in the service sector. New trade initiatives with China and other Asian countries are part of the Indian government's "Look East" policy, and these developments are likely to benefit Kolkata's economy.

■ LEGAL ISSUES

Tax Benefits

The government of Kolkata has recently approved new regulations for 6 special economic zones (SEZs).

Other Noteworthy Issues

A number of developers have withdrawn from SEZ projects due to economic slowdown. The West Bengal government has legally challenged SEZ status for the Infosys Development Center.

■ OUTSOURCING

What Services Can Be Outsourced?

Key candidates for outsourcing to Kolkata include:

- Legal Process Outsourcing
- Business Process Outsourcing (BPO)
- Call Center Support
- IT Services
- Payroll and Accounting Services
- Data Entry Services
- Engineering Services
- HR services

The presence of global companies such as Procter and Gamble and Standard Chartered Bank is a positive influence on overall outsourcing potential in Kolkata.

Risks and Potential Business Downsides for Outsourcing

Crime Statistics

While many of the crime rate figures in Kolkata do not impact outsourcing potential, the situation deserves ongoing attention by businesses.

Overall Risk-Reward Potential for Outsourcing

A low cost of living provides a favorable financial climate for outsourcing in Kolkata. The IT and business process outsourcing sectors are among primary beneficiaries of Kolkata's increasing growth in the technology industry.

#9 CHANDIGARH



■ CITY PROFILE — CHANDIGARH

Cultural Overview

Chandigarh is both a city and union territory in northern India and serves as the capital of two states (Punjab and Haryana). Its union territory status means that Chandigarh is not part of either state and is ruled by the Union Government of India. Chandigarh was initially built as India's first post-independence planned city in 1952 and has the highest per capita income in the country. Chandigarh is 9th in Top 10 Outsourcing Destinations.

Environmental Issues

Chandigarh has a humid subtropical climate and is located near the foothills of the Himalayas (Shivalik range). The location poses some seismic risk due to earthquake damage. Wide temperature variations are common.

Infrastructure

- Global/National Ranking: Chandigarh's modern infrastructure is enhanced by its relatively new status as a city. Chandigarh has been ranked as India's best city to do business in based on road transport. Its socio-economic infrastructure is ranked 11th in India (Bangalore is 1st).
- Roads, Rail and Airport: Wide, well-maintained roads and parking spaces are common. A new international airport terminal and a metro rail system are under development.
- Internet Connectivity: ISP and broadband service are competitive. Certain business requirements such as company name approval must be done electronically.

- Technology: The SPIC-IBM & SPIC-Microsoft Centers are among the first of their kind in India. The Chandigarh IT Park represents the city's attempt to further enhance the technology industry.

■ HUMAN CAPITAL

Graduates

Nearly 50,000 graduates pass out every year from over 200+ engineering colleges in the Chandigarh region, besides 20,000 graduates in other disciplines such as business, commerce, arts, science, medicine and management.

Educational Institutions

Chandigarh has world-class educational facilities that include Punjab University, Punjab Engineering College, a prestigious medical research institute, an architecture college, and various universities offering training in science, humanities, fine arts and commerce.

■ BUSINESS FEASIBILITY

Best Aspects

Governance as a union territory reduces many issues caused by state-level governments in most Indian cities. Chandigarh's "clean and green" reputation and ongoing development as a planned city have given the city a progressive appearance.

Costs and Schedules

The Union Government status keeps scheduling and expenses stabilized. "Single window" processing facilitates speedy completion of government procedures.

Chandigarh Average FTE Cost



Starting Offshore Operations

E-filing during some steps of the business approval process help speed up initial requirements.

Ease of Financial Transactions

Chandigarh is ranked among leaders in e-readiness. Its goal of becoming a “knowledge city” has optimized the speed of financial flow (227 bank branches) and business transactions.

■ ECONOMIC STABILITY

The Economy

Chandigarh is India’s wealthiest town. In addition to economic support from several primary industries (government services, machinery, metals and paper), Chandigarh benefits from sourcing of supplies for nearby defense installations. Additionally the area serves as a tourist destination and a gateway to nearby pilgrimage centers. A new area for economic growth involving biotechnology is being aggressively pursued.

■ LEGAL ISSUES

Tax Benefits

The Chandigarh Technology Park (in a Special Economic Zone) is often the primary reason for businesses locating in the region.

Other Noteworthy Issues

Within the area governed by the Union Government of India, businesses can minimize the impact of requirements that are inconsistent from one state to another. Nevertheless, the area does lack a contemporary planning act and public disclosure law.

■ OUTSOURCING

What Services Can Be Outsourced?

Key candidates for outsourcing to Chandigarh include:

- Engineering / IT / HR / Data Entry Services
- Business Process Outsourcing
- Call Center Support
- Legal Process Outsourcing
- Accounting and Payroll Services

Global and national companies located in Chandigarh (such as Dell, Infosys and Quark) have created a positive influence for outsourcing.

Risks and Potential Business Downsides for Outsourcing

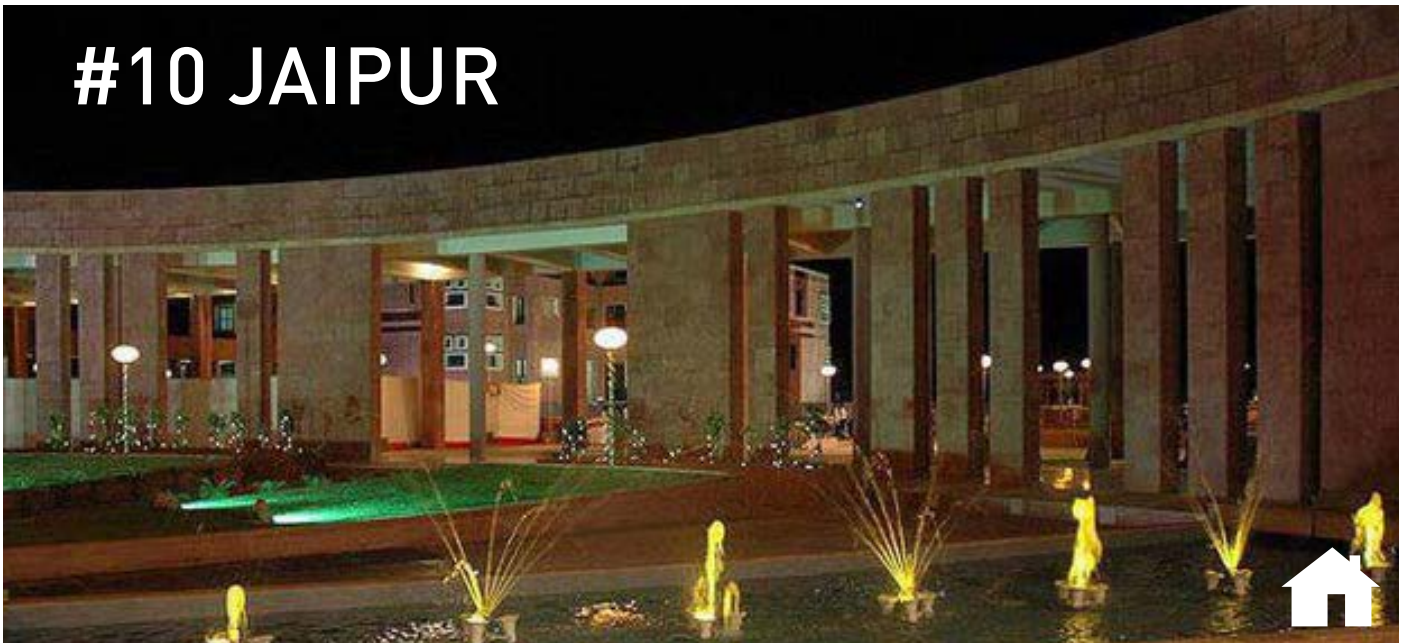
Even Modern Cities Need to Improve

Chandigarh is at risk of falling behind in infrastructure requirements. Future business potential depends on what happens in the next few years.

Overall Risk-Reward Potential for Outsourcing

With the best quality of life and an overall ranking of the third best city to do business in India, Chandigarh is a cost-effective location to consider for outsourcing.

#10 JAIPUR



■ CITY PROFILE — JAIPUR

Cultural Overview

Jaipur, known as the Pink City of India (due to the color of prominent buildings), is the largest city and capital of the northern Indian state of Rajasthan. Founded in 1727, Jaipur enjoys a unique status among pre-modern cities in India due to its gridded network of sectors and streets. The city is included in the Golden Triangle tourist circuit that includes Agra and Delhi. A location between the western and northern frontiers of India provides strategic business advantages.

Environmental Issues

Located on the Banas and Banganga Rivers, Jaipur has a hot semi-arid climate. Temperatures are relatively high throughout the year. Heavy rains occur periodically but flooding is not common. Earthquake risk is low in the Jaipur area.

Infrastructure

- **Global/National Ranking:** In a recent ranking of the top 10 most advanced cities in India, Jaipur was not included (Bangalore was first, Pune was second and Hyderabad was third).
- **Roads, Rail and Airport:** Jaipur has a well-developed transportation network and has received preferred status for future infrastructure projects involving highways, railways, communication and information technology.
- **Internet Connectivity:** Competitive and reliable broadband services are supported by the presence of the center of Software Technology Parks of India.

- **Technology:** Jaipur's Mahindra World City is the largest information technology SEZ (Special Economic Zone) in the country.

■ HUMAN CAPITAL

Graduates

Close to 30,000 engineers pass out from 134 engineering colleges affiliated to the RTU, Jaipur. The state of Rajasthan's higher education ratio has shot up by over 10% in the last 5 years.

Educational Institutions

There has been an exponential increase in the number of engineering colleges in Jaipur, and they are affiliated with Rajasthan Technical University. Jaipur and the nearby areas are home to many top academic institutions including Amity University, ICFAI University, Malaviya National Institute of Technology and LNM Institute of Information Technology.

■ BUSINESS FEASIBILITY

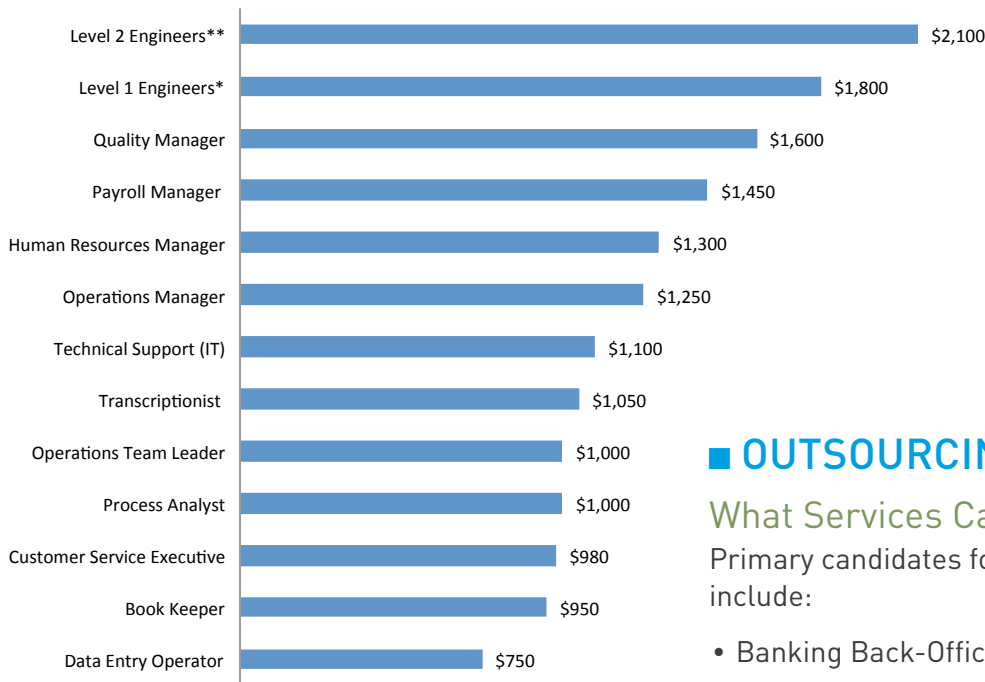
Best Aspects

Proximity to rich cultural heritage and exotic beauty make Jaipur a popular tourist destination as well as a strategically located and growing business center.

Costs and Schedules

According to the World Bank, Jaipur ranks 7th in India for ease of doing business. Using local experts that understand the value of political patronage is a prudent strategy for managing expenses and time.

Jaipur Average FTE Cost



Starting Offshore Operations

Locating in a Special Economic Zone should be considered. The Rajasthan Financial Corporation offers monetary assistance to small and mid-sized industrial ventures.

Ease of Financial Transactions

Jaipur has an extensive network of banks and financial institutions. The Bank of Rajasthan in particular is techno-savvy and can prove to be a helpful financial partner with local connections.

■ ECONOMIC STABILITY

The Economy

Mineral resources, agricultural activities and tourism have provided a long-term economic base for Jaipur. Future potential includes information technology and exploration for oil and gas reserves.

■ LEGAL ISSUES

Tax Benefits

India's largest integrated IT Special Economic Zone is located in Jaipur. Incentives include reduced land rates, investment subsidies, stamp duty exemption, employment generation subsidies and business-friendly labor regulations.

Other Noteworthy Issues

The government has reduced royalty fees in order to enhance exploration activities involving 25 different minerals.

■ OUTSOURCING

What Services Can Be Outsourced?

Primary candidates for outsourcing to Jaipur include:

- Banking Back-Office Operations
- Medical Transcription
- Engineering Services
- Data Entry Services
- Customer Service Support
- Information Technology Services
- Legal Process Outsourcing
- Human Resource Services
- Accounting/Payroll Services

National and global companies located in Jaipur (such as Coca-Cola, Ericsson, Deutsche Bank and IBM) create a positive environment for outsourcing.

Risks and Potential Business Downsides for Outsourcing

There is Work to Be Done

The success of future infrastructure improvements will be instrumental in improving Jaipur's business potential.

Overall Risk-Reward Potential for Outsourcing

With new business projects such as India's World Trade Park currently under construction, future potential for outsourcing in Jaipur should remain cost-effective. IT and business process outsourcing are increasing at an annual rate of 15%. A growing area for outsourcing in Jaipur involves serving as a banking back-office hub.



Contact us



BACKOFFICE PRO

www.backofficepro.com

Email: info@backofficepro.com

